

BUILDING MOMENTUM



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Secure Funding



SECURE FUNDING

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Ultimately, Energy-Efficiency Projects Are Financial Decisions

Determine Your Organization's Financial Situation



Funding Your Upgrade With Cash

- Cash is the “cheapest” approach
 - Not paying for risk whether credit or performance
- All upgrade benefits (cash flows) are available immediately
- Project often must compete for cash



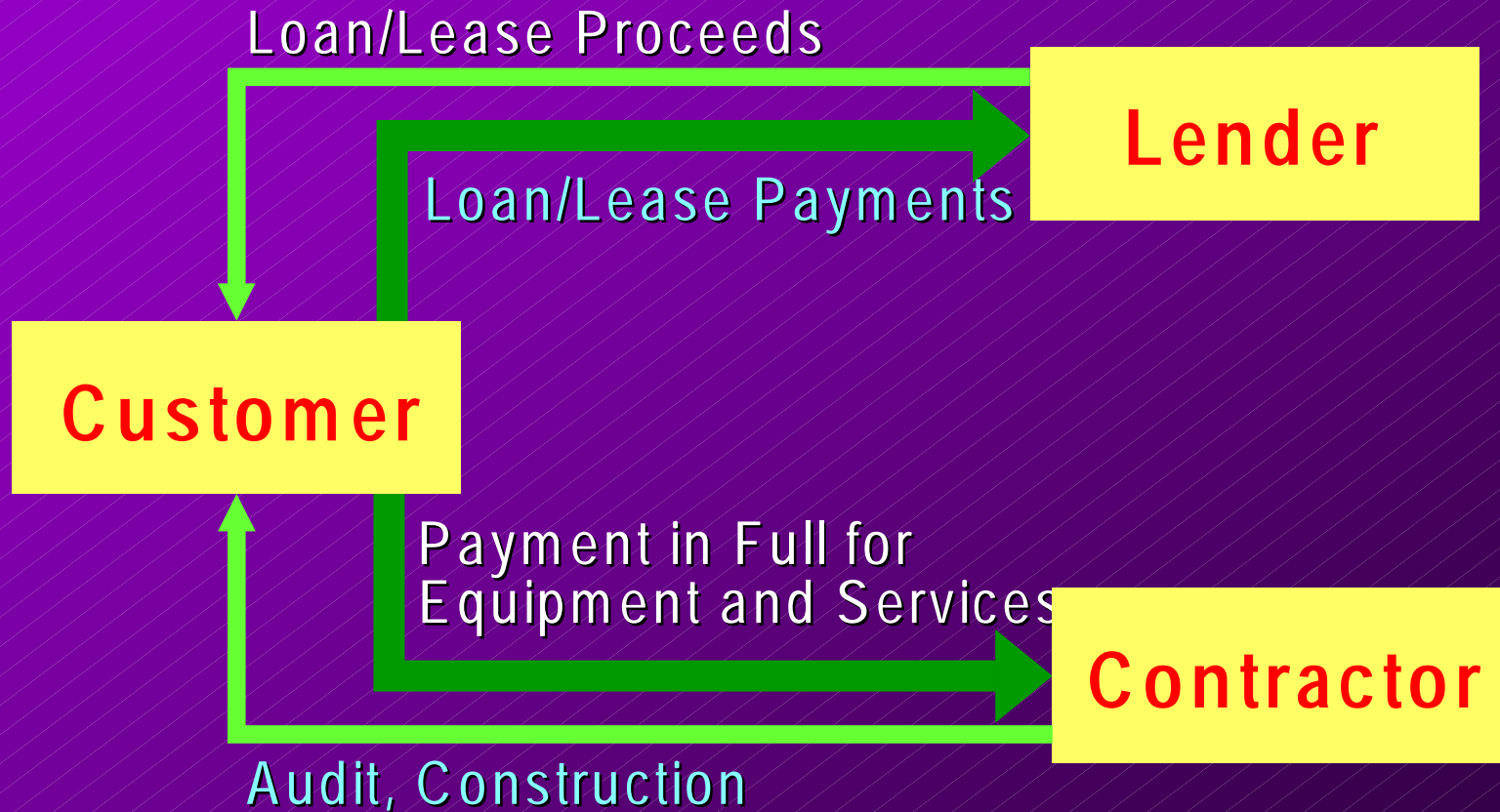
Balance Sheet Impact

- Shows the organization's financial position
 - Assets
 - Liabilities (debt)
 - Equity
- On-balance-sheet financing = Liability (debt)
- Off-balance-sheet financing = Expenses



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Loan/Lease Structure



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Loan

- Customers can be commercial, industrial, or institutional
- Characteristics:
 - On-balance-sheet obligation
 - Customer owns the equipment
 - Customer obligated for full loan amount



Lease Variations

- Customers can be commercial, industrial, institutional, or governmental
- Customer obligated for full lease amount
- Capital lease is on-balance-sheet
- Operating lease is off-balance-sheet



Municipal (Tax-Exempt) Lease

- Customers can be public sector and nonprofit entities
- Characteristics:
 - Payments must be made regardless of equipment performance
 - Lowest rates available



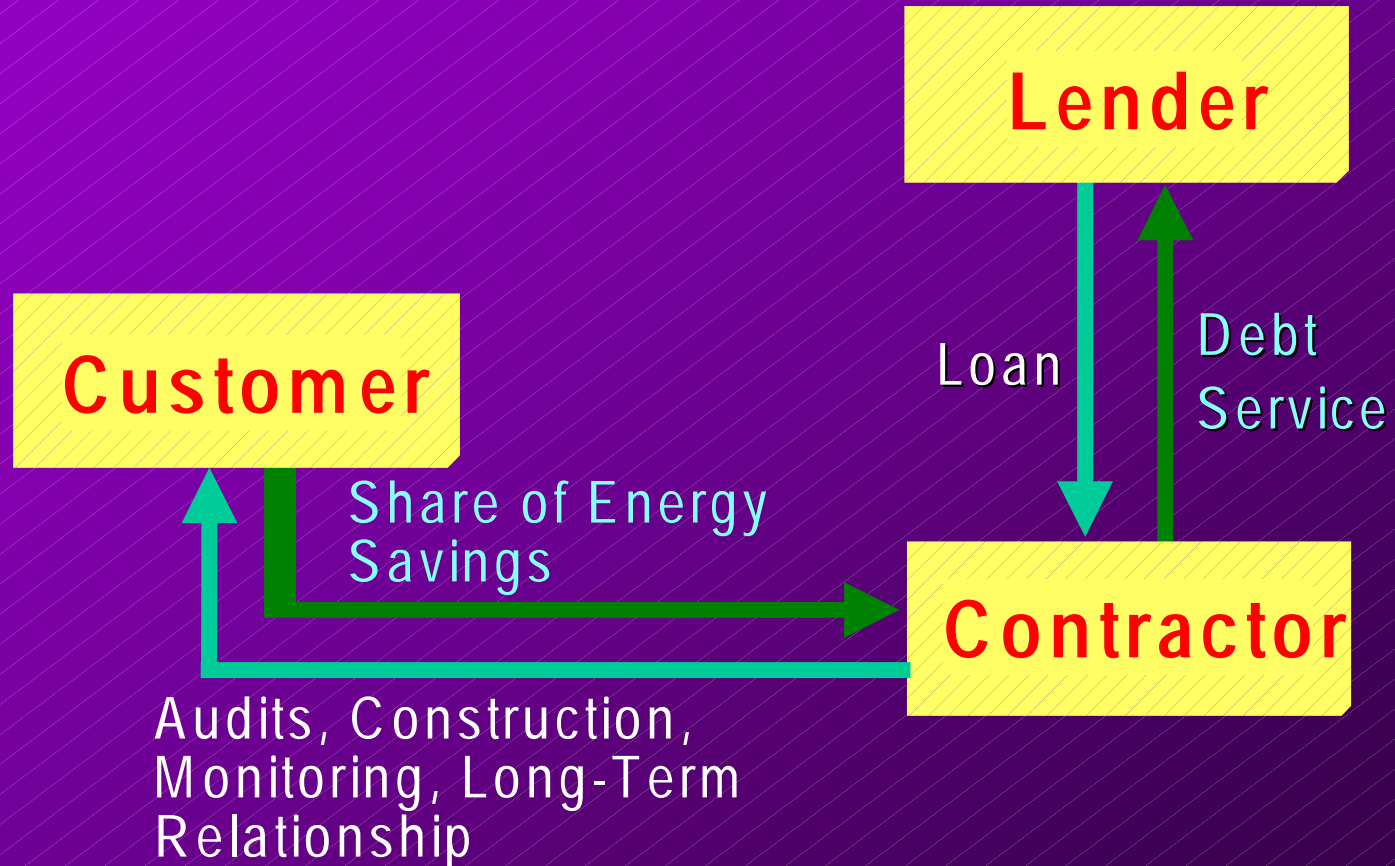
When To Use A Loan/Lease

- Customer comfortable with risks of credit or project performance
- Customer accepts on-balance-sheet obligation
- Customer has allocated loan/lease payments in its budget
- Customer's existing bankers permit an increase in debt



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Shared Savings Structure



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Shared Savings (Performance) Contract

- Customers can be commercial, industrial, institutional, or governmental (federal, state, municipal)
- Characteristics:
 - Innovative approach
 - Performance based
 - Off-balance-sheet to customer



Questions To Ask To Choose The Best Funding Solutions

- Do you have budget constraints for this project?
- Are you comfortable with additional debt on your books?
- Are you interested in off-balance-sheet financing?
- Are you comfortable with the risk of the long-term equipment performance?



Proven Keys To Success

- Shorten the project cycle
- Control the process
- Perform reality check
- Sell the need, then the means
- Remember cash is king



Time Is Money

- Communicate to your CFO that every day the project is not implemented, your organization is throwing away \$__ in savings



Objective Met

You will be able to evaluate funding options for energy-efficiency upgrades to select or recommend one that is appropriate for your organization.

